

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BRACKEN COUNTY	)	
WATER DISTRICT FOR (1) A CERTIFICATE OF	)	
PUBLIC CONVENIENCE AND NECESSITY TO	)	CASE NO.
CONSTRUCT; (2) FINANCE; AND (3) AUTHORITY	)	2002-00395
TO ADJUST RATES FOR A WATER MAIN	)	
IMPROVEMENTS PROJECT	)	

ORDER

On October 31, 2002, Bracken County Water District ( Bracken ) filed an application with the Public Service Commission ( Commission ) for a Certificate of Public Convenience and Necessity to construct a \$928,000 waterworks improvement project, for approval of its plan to finance the project, and to increase rates for water service to produce annual operating revenues from water sales of \$629,905. On December 3, 2002, the Commission issued an Order approving the proposed construction and financing plan. The Commission deferred ruling on the proposed rates until Commission Staff had performed a review of Bracken s financial condition.

To perform its review Staff conducted a field inspection of Bracken s books and records. After completion of the review, Staff summarized its findings and recommendations in a Staff Report that was issued on May 9, 2003. The report recommended that the Commission approve rates that produce revenues equal to that requested by Bracken. Staff s recommended rates were different than those requested by Bracken as they were based on Staff s cost-of-service study as included in the report at Attachment C. Staff found in its report that Bracken could have requested rates that produce annual revenue of \$785,494.

All parties of record were given 10 days to comment on the Staff Report or request a hearing or informal conference. By letter dated May 15, 2003, Bracken requested an informal conference.

A conference was held on June 16, 2003. Present were representatives of the Office of Attorney General ( AG ), Bracken, and Staff. At the conference an error was noted in the Staff Report regarding the number of test year customer bills. It was decided that an Amended Staff Report would be issued. The report was released on June 27, 2003. The rates recommended in the amended report will increase the average residential monthly bill from \$21.89 to \$24.82, or 13.4 percent.

All parties were again granted 10 days to comment on the amended report or request an informal conference or hearing. On July 3, 2003, the Commission received comment from Bracken wherein it requested the Commission approve the rates recommended by Staff in Attachment B of its amended report. Bracken stated that its customers would be notified of the amended rate. The AG did not comment on the amended report. On August 6, 2003, Bracken submitted an affidavit of publication of the rates recommended in Staff s amended report.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report as amended on June 27, 2003 are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A are the fair, just and reasonable rates of Bracken and will produce annual operating revenue from water sales of \$629,905.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Bracken in its application are hereby denied.
2. The rates set out in Appendix A are approved for services rendered by Bracken on and after the date of this Order.
3. Within 30 days of the date of this Order, Bracken shall file with the Commission its revised tariff setting out the rates approved herein.
4. Three years from the date of this Order, Bracken shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Done at Frankfort, Kentucky, this 14<sup>th</sup> day of August, 2003.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2002-00395 DATED August 14, 2003

The following rates and charges are prescribed for the customers in the area served by Bracken County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	2,000 gallons	\$11.14	Minimum bill
Over	2,000 gallons	4.56	per 1,000 gallons
Multiple Users Charge		11.14	
Wholesale Rate		2.23	per 1,000 gallons